

**CORPORATE GOVERNANCE AND CORPORATE
SOCIAL RESPONSIBILITY (CSR): IMPLICATION
FOR DEVELOPING ECONOMY FIRMS**

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DECLARATION

I hereby certify that the work embodied in the thesis is my own work, conducted under normal supervision.

The thesis contains no material which has been accepted, or is being examined, for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to the final version of my thesis being made available worldwide when deposited in the University's Digital Repository, subject to the provisions of the Copyright Act 1968.

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ABSTRACT

This thesis attempts to make original empirical contributions regarding the relationship between institutional settings, corporate governance and corporate social responsibility (CSR) from a multi-theory perspective. The thesis, in study one, first investigates the effects of institutional qualities on institutional level CSR adoption by examining for an association based on an empirical study of 85 developed and emerging economies. The research focuses on the following important institutional qualities rule of law, economic financial development, human capital formation and exposure to international trade. Hypotheses are developed separately for developed and emerging economies. The main findings of the Study One from an institutional level perspective are that rule of law, human capital formation and international trade exposure have a significant positive influence on institutional level CSR adoption among emerging economies. In contrast, the results show that the rule of law is not associated with institutional level CSR adoption across developed countries. This was expected as CSR adoption is viewed as a standard operational activity among businesses in developed countries, meaning enforcement by regulators is less necessary. Overall, the global level analysis shows that all four institutional qualities are positively associated with institutional level CSR adoption. Human capital formation appears to be the most significant as, despite the economic standing of the country, the level of its institutional human capital formation was important for overall development of CSR adoption.

The research framework was then extended by Study Two to encompass a firm level analysis of how institutional qualities combined with board attributes, influence CSR adoption practices among Asian emerging economies. Among the six focal board attributes, the findings show that with the exception of board community engagement/involvement, all other attributes (political influence, business expertise, international experience, interlocking directorships and

independence from management) were all positively associated with CSR adoption practices when in presence of the institutional qualities specified earlier.

For a deeper understanding of the board attributes and CSR adoption relationship, additional analysis was performed which showed that board independence significantly moderated the relationship between board community engagement/involvement and CSR adoption (positively) and CSR adoption and board political influence, interlocking directorships (negatively). Overall, this thesis suggests that both institutional and firm-level factors are important to encourage CSR adoption. This is important particularly for corporate regulators and governments who need to recognise that CSR reform has to be developed as a two-pronged approach to improve CSR acceptance at both the institutional and firm level.

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ACRONYMS

ASX	Australian Stock Exchange
CFO	Chief Financial Officer
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
FRC	Financial Reporting Council
FTSE	Financial Times-Stock Exchange
GDP	Gross Domestic Product
GRI	Global Reporting Initiatives
ISO	International Standards Organization
KLD	Kinder, Lydenberg, and Domini
NASDAQ	National Association of Securities Dealers Automated Quotation
NGO	Non-Governmental Organization
NYSE	New York Stock Exchange
OLS	Ordinary Least Square
OECD	Organisation for Economic Co-operation and Development
PRC	Pew Research Centre
ROE	Return on Equity
ROA	Return on Asset
SEC	Securities and Exchange Commission
SRI	Stanford Research Institute
S&P	Standard and Poor
SOX	Sarbanes-Oxley Act
UNCATD	United Nations Conference on Trade and Development
U.K.	United Kingdom
UN	United Nations
U.S.A.	United States of America
VIF	Variance Inflation Factor